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SUBJECT: MONGOLIAN PRESIDENT URGES ACTION ON MINING AS PARLIAMENT
OPENS SESSION

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11. (SBU) SUMMARY: In an April 7 address to Mongolia's Parliament on the opening day of its spring session, President N. Enkhbayar called on lawmakers to act swiftly on mining legislation, and said indecision is costing the country opportunities for investment and development. In a 25-minute speech to the 76 Members of Parliament, Prime Minister S. Bayar and around a dozen Ambassadors and international organizations representatives, the President also noted that Transparency International ranks Mongolia 99th in its global corruption-perceptions index, adding that a 2005 USAID report found corruption "at all levels of our government." Speaker Lundeejantsan said Parliament would debate 40 laws this session, starting with controversial amendments to the Law on Mineral Resources. He announced that Parliamentary members of the ruling Mongolian People's Revolutionary Party (MPRP) and the opposition Democratic Party (DP) would meet separately later in the day to "finalize" their positions on the mining amendments. Lundeejantsan also indicated that because of growing Government revenues, Parliament will review the 2008 state budget during this session. The Speaker did not identify constituencies that might benefit from new Government spending, but with all Members of Parliament facing re-election on June 29, fiscal restraint will likely be strained.
END SUMMARY.

PARLIAMENT URGED TO MOVE QUICKLY ON MINING LAW

12. (SBU) President Enkhbayar addressed Parliament on April 7, the opening day of the spring session, and called on Members of Parliament (MPs) to move quickly on controversial amendments to the Law on Mineral Resources. "With every minute of indecision and inaction, we are losing opportunities for investment and development, so I call on Parliament to use every minute to make important decisions," he said. The President noted research by the Fraser Institute, an independent Canadian research organization that ranked Mongolia 10th out of 68 countries in terms of mining

resources, but eighth from last in terms of regulations. (Note: Speaker Lundeejantsan said that later on April 7, MPRP and DP MPs would hold separate discussions to "finalize" their positions on the mining amendments. In their current form, the amendments would give the state no less than a 51% stake in any deposit Parliament considers "strategic." End Note.)

USAID CORRUPTION REPORT CITED;
CONFLICT OF INTEREST NOTED AT EVERY LEVEL

13. (SBU) President Enkhbayar referred to Mongolia's entrenched corruption problem, noting that the most recent corruption perceptions index produced by Transparency International ranks Mongolia 99th worldwide. Describing conflict of interest as "the worst problem our politicians face," the President said senior government officials must follow the law at all times and resist pressure from friends and family members to engage in corrupt practices. Enkhbayar noted that a 2005 USAID report on corruption in Mongolia had found the problem present "at all levels of our government." He added that a recent survey by the Academy of Management, a training center affiliated with the Mongolian Government, found conflicts of interest at "every level of government." The President indicated that the public's expectations for cleaner public service had not been fulfilled. He said the problem is not a lack of laws, but insufficient implementation of these laws.

SPEAKER LAYS OUT AGENDA

14. (U) Speaker Lundeejantsan said 40 laws will be discussed in the

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current session, with priority given to the Law on Mineral Resources. He said considerable attention would also be paid to the law on land privatization; its legal term is ending in May and needs to be extended. The Speaker said MPs would discuss and likely amend the Education Law to add a 12th year of compulsory education. (Note: If passed, students would likely start school a year earlier, at six years of age. Until two or three years ago, Mongolian youngsters only had to start school at the age of eight. End Note.) Lundeejantsan said MPs will also debate legislation on alcohol, freedom of information, MP ethics, the civil service and parliamentary procedures.

MID-YEAR BUDGET REVIEW: RESTRAINT OR
PRE-ELECTION LARGESSE?

15. (SBU) Lundeejantsan said that during the current session, Parliament will hold a mid-year review of the 2008 state budget, "because we have the financial resources to do so." (Comment: Budget legislation is debated and passed each December. If there is extra GOM revenue or a pressing need -- like pleasing the electorate before upcoming elections -- Parliament can hold a mid-year meeting to review the state budget. The Speaker did not indicate what the money is likely to be spent on. End Comment.)

PM ATTENDS, TRAVELS SOON TO MOSCOW AND VIENNA

16. (SBU) Following the GOM's tradition, Prime Minister Bayar was present at the opening of Parliament but did not deliver an address. (Note: Bayar is to travel to Moscow on April 10, along with his ministers for Foreign Affairs, Transport, and Trade and Industry. Thereafter, Bayar is to travel to Vienna for working meetings with the International Atomic Energy Agency. End Note.) Also present at the opening of Parliament were Ambassadors or other officials of China, Cuba, the Czech Republic, Germany, India, Kazakhstan, Laos, North Korea, Poland, Turkey, the United States (E/P Chief), Vietnam and other countries.

17. (U) A list of issues expected to be addressed during the current Parliamentary session has been sent to EAP/CM.

